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PRINCIPLES OF THE NEW ECONOMICS. By Lionel D. Edie, Associate Professor of History and Politics in Colgate University. New York: Thomas Y. Crowell and Company. 1922. Pp. 524.

This book, as the Introduction states, is an integration of present-day tendencies in economic thinking in which, without repudiation of orthodox views, the departures from these views are interpreted in the light of the new psychology. The author believes that there is a fundamental unity in recent pluralistic progress in economic thinking. His work is a valuable synthesis and deserves study.

The three main divisions of the book are: Economic Psychology, Economic Institutions and Functions, and Economic Adaptation. The first chapters present in brief the chief psychological conceptions required for an understanding of economic life. The next chapter deals with the mechanical and scientific basis of economics. Progress rests on power. Non-human power moves the world forward. Power plus machinery determines the technical character of economic organization. Transportation is a third factor in industrial activity. Chemistry and geology are almost as indispensable. There is, furthermore, a human factor that animates and informs the whole, and the motives of the men who create mechanical inventions and make scientific discoveries, who control and direct the application of this mechanical and scientific technique to the problems of industrial advancement, can be studied by the psychologist. His report is encouraging. The social system is not really based on private interests. There is a gradual evolution in motivation that can be observed also in executives and managers of business establishments.

Labor, Capital and Management are next discussed and the part of each in production. In the chapter on Labor the author concludes that, as the population of a country determines the quality of labor in its industries, the national character can only be safeguarded by careful attention to this question.

"In the competitive race between nations for social and economic survival, and the incessant rivalry of nations for positions of influence and prestige, no one can doubt that the ultimate superiority is held only by nations whose blood

is the most virile. Where classes of population which rise in positions of economic success shrink from the obligation of parenthood, the inheritance of a nation is jeopardized, and America is in the initial stages of that precarious position at the present day. Certainly, the situation is one which offers a challenge to Americans to make new adaptations between their families and social standards and their economic circumstances; and to reconstruct their ideals and traditions for the avowed purpose of preserving the highest quality of the national character." (Page 171).

The study of ownership and property presented in the chapter on Capital is considered under these heads: (1) The instinctive basis; (2) Property a group of rights; (3) Ownership as a corporate phenomenon. Property is valuable because it means economic freedom. But there is an increasing insistence on a revaluation of the motives governing its acquisition. The profit motive is not socially adequate, and social thoughtfulness on the part of ownership is required. Inequalities cannot be smoothed out to a dead level; they rest on unequal privileges as well as on unequal ability, and unforeseen chances so increase the risks of entrepreneurs that the men who assume great risks expect great profits. The problem of a more equal distribution of wealth is therefore in part the problem of reducing risks and chances in business. There are agencies in our economic organization which aim in this direction, prominent among which is the insurance principle.

In Management (Chapter VIII), the problem is to reduce waste and inefficiency. Competition, combination and coöperation are the stages by which business management has developed. The new standards of coöperation are still in process of development, but the feeling of responsibility to consumers, owners, and workers becomes more and more manifest as an active principle in business administration.

The next chapters are requisite to the complete synthesis which the author set out to accomplish. Markets—their principles and strategy—are discussed in Chapter IX; in Chapter X, Money and Credit, their services and dangers. In these the importance of the psychological factors is emphasized, and the

general trend of evolution is indicated as making for confidence and production more and more directed to the benefit of the consumer, the advancement of the standards of living and the strengthening of the better elements in social control.

The third part of this book—Economic Adaptation—treats of Public Control (Chapter XI); Economic Radicalism (Chapter XII); and Economic Democracy (Chapter XIII). The highest civilization is the result of the greatest degree of freedom attainable under democracy, and the two constituents of economic life—man and institutions—are shown as undergoing a simultaneous reshaping toward industrial democracy.

The book is intended as a text-book, and should prove attractive besides to business men and professional economists.

J. B. EDWARDS.

Wells College.

THE ISOLATION PLAN, WITH PAPERS ON THE COVENANT. By William H. Blymyer. Boston: Cornhill Publishing Company. Pp. xxiv, 152.

Mr. Blymyer asserts that the Covenant of the League of Nations has been framed by the cunning diplomats of the great Powers, who intend to use it as an instrument for furthering their own selfish and imperialistic designs. As a substitute he offers a plan of his own, which he calls the "Isolation" or "Non-Intercourse" plan. Under this plan general disarmament and the settlement of all questions arising between nations, justiciable as well as non-justiciable, would be brought about by the simple decision of an Armament Commission and of an Arbitration Commission respectively. Nations refusing to arbitrate or to comply with decisions rendered would be brought to their knees by a non-intercourse interdict. Mr. Blymyer's criticism (p. 123) of the economic boycott under Article 16 of the League of Nations is not fair-minded, and what he says about the "British Lords" (p. 127) is almost puerile.

S. L. WARE.

The University of the South.